

Toshiba, Norway Unit Assailed in Soviet Sale

5-1-87

By CLYDE H. FARNSWORTH

Special to The New York Times

WASHINGTON, April 30 — The Central Intelligence Agency has told members of Congress that a Japanese corporation and a state-owned Norwegian company have violated Western export controls by selling technology to the Soviet Union that makes submarines run more quietly.

Five of the legislators introduced a bill today banning all imports of the two companies, the Toshiba Corporation of Japan and Kongsberg Vapenfabrik of Norway.

Toshiba, one of the leading Japanese electronics companies, has an American subsidiary, Toshiba America Inc., which sells about \$1 billion a year and employs 2,000 workers.

Kongsberg, a weapons manufacturer, is currently adapting the Penguin anti-ship missile to the SH-60B Navy Seahawk helicopter. According to Jane's Defense Weekly, the loss of that contract would be "financially disastrous for the company."

A Pentagon spokesman, Robert Sims, said today that the Defense Department is "seriously concerned" about the matter and has begun a formal investigation.

The State Department raised the issue with both Norwegian and Japanese authorities last month, and both

countries have begun investigations, officials of those governments said.

"Japan is making a determined investigation because, if this kind of thing has actually happened, it would be serious for the national security of both Japan and the United States," said Koichi Haraguchi, a Japanese Embassy spokesman.

Other Japanese sources reported that earlier today police conducted a search of Toshiba facilities in Japan.

A Toshiba official in Washington said he had no comment.

A Serious Violation

The equipment was sold by the Toshiba Machinery Company, which is 51 percent owned by the Toshiba Corporation. The other stockholders are Japanese.

Military officials said that this incident was one of the most serious violations of export controls in the postwar period, a point echoed today by the legislators.

Representative Duncan Hunter, a California Republican who was a sponsor of the punitive legislation, reported that Toshiba earned \$17 million on the sale, "but it will cost the West \$30 billion to regain the superiority that we lost from the sale."

The equipment that the two companies sold the Soviets includes four milling machines that make advanced submarine propeller blades. These blades eliminate the noise that enables the United States to easily detect Soviet submarines.

As a result, Mr. Hunter contended, the Soviet submarines can get within 10 minutes of missile-flying time from the United States coast.

Intelligence officials said they began receiving reports about six to eight months ago that Soviet submarines were having significantly more success at evading detection by the United States.

The Soviet Union made its acquisition based on information it obtained from the spy ring of John A. Walker Jr., the former American Navy radio-man, intelligence officials said.

Transfer of the equipment represents a violation of regulation IL 1091 of the Allied Coordinating Committee for export controls, which includes most members of the North Atlantic Treaty Organization and Japan.

According to a fact sheet provided by the legislators, Toshiba sold the room-sized milling machines and Kongsberg the numerical control systems to the Soviet Union.

The legislators said that Toshiba went to some lengths to conceal the sale of sensitive equipment from the authorities. It changed the name of the machine, made certain other changes and submitted a new machine for export licenses as an uncontrolled vertical lathe.

A Soviet team of technicians tested the controlled propeller milling machine at the Toshiba plant in Japan. Later, it was installed in a Soviet shipyard by Toshiba and Kongsberg employees.